

Kidoz Inc.

(TSXV: KDOZ / OTC: KDOZF)

Q3 Growth, Regulatory Tailwinds, and Attractive Valuation**BUY****Current Price: C\$0.30****Fair Value: C\$0.70****Risk*: 4****Sector: Ad Tech**[Click here for more research on the company](#)**Highlights**

- KDOZ is up 36% since our August 2025 report, with **record Q3 revenue of \$3.67M** (+60% YoY), 3% above our estimate, driven primarily by strong ad spending growth. By comparison, major platforms **YouTube** (NASDAQ: GOOGL) and **Meta** (NASDAQ: META) saw ad revenue growth of 15% and 26%, respectively.
- G&A and other expenses rose 27% YoY, 7% above our estimate, primarily due to increased **R&D spending on AI integration**. Stronger revenue helped narrow EBITDA and EPS losses.
- Per industry consensus, global digital ad spending growth is set to slow to 8% in 2025 vs 10% in 2024, amid economic, trade, and data privacy headwinds. **Growth should accelerate in 2026**, supported by stronger GDP and the potential easing of geopolitical risks, boosting advertiser confidence.
- We expect demand for KDOZ solutions to remain strong as **regulators crack down** on misuse of children's data and targeted advertising, driving the need for safe, age-verified digital ads. Recent actions include **Disney's (NYSE: DIS) \$10M fine** for collecting data on children under 13 via mislabelled YouTube content, Australia's plan to raise the **minimum social media age** to 16 (with penalties up to A\$50M), and platforms like **Instagram** and **Roblox** adding age-based filter and supervision tools to better protect teen users.
- We continue to expect **record revenue and EPS in 2025**. KDOZ trades at 1.46x forward EV/Revenue, well below the sector average of 2.54x, **a 43% discount**.

Sid Rajeev, B.Tech, MBA, CFA
Head of Research**Price and Volume (1-year)**

	YTD	12M
KDOZ	100%	150%
TSXV	38%	42%

Company Data

52-Week Range	C\$0.10-\$0.37
Shares O/S	131M
Market Cap.	C\$39M
Current Yield	N/A
P/E (forward)	N/A
P/B	5.8x

Key Financial Data (FYE - Dec 31)

(US\$)	2021	2022	2023	2024	2025E	2026E
Cash	2,078,607	2,363,530	1,469,224	2,780,517	3,397,259	5,985,471
Working Capital	4,536,851	4,147,176	3,220,646	4,219,588	5,479,416	8,000,395
Total Assets	13,925,531	14,387,083	11,807,080	11,734,233	12,462,538	15,219,406
LT Debt to Capital	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue	12,484,639	15,097,056	13,326,824	14,004,527	18,071,250	19,825,000
Net Income	(190,321)	(1,347,113)	(2,012,056)	353,140	1,109,060	2,414,188
EPS	-0.00	-0.01	-0.015	0.003	0.008	0.018

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Financials

Record Q3 revenue of \$3.67M, up 60% YoY, and 3% above our estimate

2025 (9M) revenue rose 35% YoY to a record \$8.84M

In Q3-2025, North America accounted for 54% of revenue vs 48% in Q3-2024

Gross margin fell 4 pp YoY to 49%, 1 pp below our forecast, likely due to competition

G&A and other expenses rose 27% YoY, 7% above our estimate, mainly due to higher R&D spending on AI integration; a strategic move we view positively to stay competitive

Higher revenue narrowed EPS losses

Balance sheet remains healthy, with zero debt

Operating Summary	2024 (6M)	2025 (6M)	YoY	Q3-2024	Q3-2025	YoY	2024-9M	2025-9M	YoY
Revenue	\$4,272,246	\$5,168,519	21%	\$2,287,776	\$3,666,521	60%	\$6,560,022	\$8,835,040	35%
Gross Profit	\$2,201,578	\$2,822,845	28%	\$1,208,564	\$1,789,010	48%	\$3,410,142	\$4,611,855	35%
Selling & Marketing	\$634,269	\$918,739	45%	\$330,798	\$339,217	3%	\$965,067	\$1,257,956	30%
G&A & Others	\$2,482,514	\$3,015,480	21%	\$1,242,460	\$1,581,403	27%	\$3,724,974	\$4,596,883	23%
EBITDA (excl. development costs)	\$964,761	\$1,038,933	8%	\$551,017	\$1,161,742	111%	\$1,515,778	\$2,200,675	45%
Net Income	-\$1,105,233	-\$1,111,340		-\$406,284	-\$177,711	-56%	-\$1,511,517	-\$1,289,051	-15%
EPS	-\$0.008	-\$0.008		-\$0.00	-\$0.00	-56%	-\$0.01	-\$0.01	-15%
Net Income (excl. dev costs)	\$602,163	\$949,518	58%	\$404,649	\$1,049,936	159%	\$1,006,812	\$1,999,454	99%
EPS (excl. dev costs)	\$0.005	\$0.007	58%	\$0.003	\$0.008	159%	\$0.008	\$0.015	99%

Revenue	2024 (6M)	2025 (6M)	YoY	Q3-2024	Q3-2025	YoY	2024 (9M)	2025 (9M)	YoY
Western Europe	\$1,883,343	\$1,736,617	-8%	\$919,564	\$1,296,193	41%	\$2,802,907	\$3,032,810	8%
Rest of Europe	\$210,060	\$519,401	147%	\$153,880	\$236,992	54%	\$363,940	\$756,393	108%
North America	\$2,032,125	\$2,696,357	33%	\$1,106,938	\$1,977,653	79%	\$3,139,063	\$4,674,010	49%
Others	\$146,718	\$216,144	47%	\$107,394	\$155,683	45%	\$254,112	\$371,827	46%
Total	\$4,272,246	\$5,168,519	21%	\$2,287,776	\$3,666,521	60%	\$6,560,022	\$8,835,040	35%

Margins	2024 (6M)	2025 (6M)	Q3-2024	Q3-2025	2024-9M	2025-9M	Sector (Advertising)
Gross	51.5%	54.6%	52.8%	48.8%	52.0%	52.2%	36.0%
EBITDA	-17.4%	-19.8%	-11.4%	-1.8%	-15.3%	-12.3%	11.0%
EBIT	-21.1%	-21.5%	-17.9%	-4.8%	-22.6%	-15.6%	8.0%
Net	-25.9%	-21.5%	-17.8%	-4.8%	-23.0%	-14.6%	3.0%

Expenses / Sales	2024 (6M)	2025 (6M)	Q3-2024	Q3-2025	2024-9M	2025-9M
Selling & Marketing	14.8%	17.8%	14.5%	9.3%	14.7%	14.2%
Development	40.0%	39.9%	35.4%	33.5%	38.4%	37.2%
Stock Based Compensation	4.0%	1.7%	4.6%	1.8%	4.2%	1.8%
Salaries	5.7%	10.2%	7.7%	2.9%	6.4%	7.2%
G & A	8.4%	6.5%	6.6%	4.9%	7.8%	5.8%
Total	73.0%	76.1%	68.8%	52.4%	71.5%	66.3%

Summary of Cash Flows	2023 (9M)	2024 (9M)	2025 (9M)
Cash Flows from Operations	-\$860,629	-\$1,035,900	-\$972,758
Cash Flows from Investing	-\$8,714	\$16,880	-\$17,276
Cash Flows from Financing	-\$25,232	-\$7,605	-
Net Change	-\$894,575	-\$1,026,625	-\$990,034
Free Cash Flows	-\$869,343	-\$1,019,020	-\$990,034

Liquidity Analysis	2023	2024	Q1-2025	Q2-2025	Q3-2025	Sector (Advertising)
Cash	\$1,469,224	\$2,780,517	\$3,266,294	\$2,426,807	\$1,790,483	
Working Capital	\$3,220,646	\$4,219,588	\$4,363,230	\$3,280,285	\$3,204,556	
Current Ratio	1.70	2.11	2.99	2.86	2.15	1.60
Debt / Capital	0.0%	0.0%	0.0%	0.0%	0.0%	29%
LT Debt / Capital	0.0%	0.0%	0.0%	0.0%	0.0%	22%
EBIT Interest Coverage Ratio	n/a	n/a	n/a	n/a	n/a	6.8

Source: FRC/Company

Can raise up to
C\$1.53M from in-
the-money options

C\$	Options	Strike Price	Amount
Total Outstanding	10,507,683	\$0.40	\$4,231,503
In-the-Money	6,217,083	\$0.25	\$1,531,083

C\$	Warrants	Strike Price	Amount
Total Outstanding	-	-	-
In-the-Money	-	-	-

Source: FRC/Company

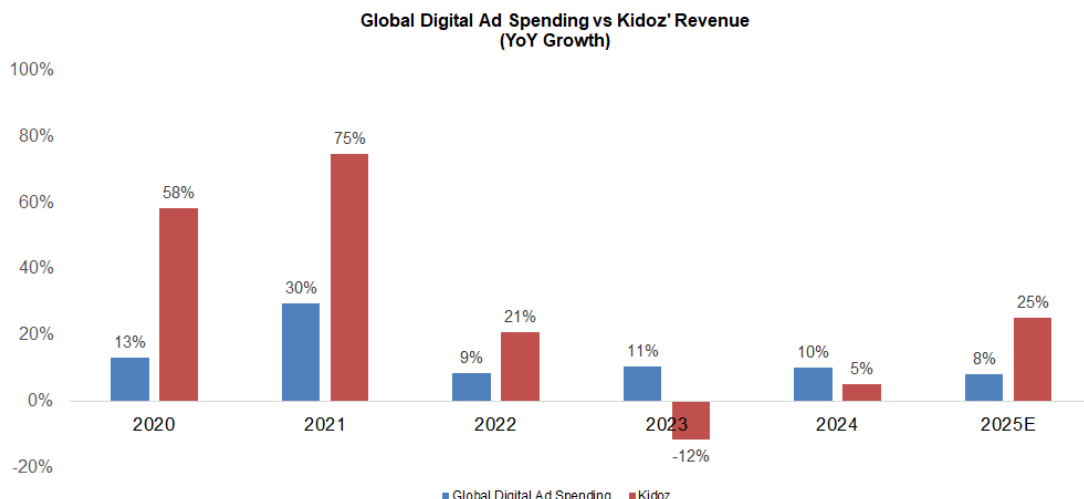
FRC Projections and Valuation

The global kids digital ad market is projected to grow from \$6B in 2025, to \$15B by 2035 (10.5% CAGR), driven by increased device use among children, rising digital media consumption, and engaging ad formats



Per industry consensus, global digital ad spending growth is anticipated to slow to **8% in 2025** vs **10% in 2024**, reflecting the absence of major cyclical events, economic and trade uncertainties, and tighter data privacy rules. Growth is expected to accelerate in 2026, supported by rising global GDP from easing monetary conditions, and the potential easing of geopolitical tensions and uncertainties, **boosting advertiser confidence**.

Historically, we estimate that KDOZ's revenue growth outpaced global digital ad spending growth by 1.75x on average



Source: FRC / Various

Following a strong Q3 and robust ad outlook, we are raising our short- and long-term revenue forecasts

FRC Forecasts	2025E (Old)	2025E (New)	2026E (Old)	2026E (New)
Revenue	\$17,537,500	\$18,071,250	\$19,062,500	\$19,825,000
EBITDA	\$2,249,551	\$1,712,416	\$3,247,573	\$3,260,091
Net Profit (Loss)	\$1,499,696	\$1,109,060	\$2,198,251	\$2,414,188
EPS	\$0.011	\$0.008	\$0.017	\$0.018

We are lowering 2025 EPS due to higher R&D, but raising 2026 EPS on stronger revenue

DCF Valuation	2025E	2026E	2030E	Terminal
Funds Flow from Operations (US\$)	1,309,828	2,620,979	10,552,562	
Change in Working Capital (US\$)	(643,085)	67,232	(262,763)	
Cash from Operations (US\$)	666,742	2,688,211	10,289,800	
CAPEX (US\$)	(50,000)	(100,000)	(100,000)	
Free Cash Flow (US\$)	616,742	2,588,211	10,189,800	
Present Value (US\$)	616,742	2,369,383	5,823,595	63,140,029
Discount Rate	12.5%			
Terminal Growth	3.0%			
Present Value (US\$)	\$82,934,949			
Cash - Debt (US\$)	\$1,790,483			
Fair Value (US\$)	\$84,725,432			
Shares O/S	132,417,971			
Value per Share (C\$)	\$0.90			

Source: FRC

Our DCF valuation rose from C\$0.87 to C\$0.90/share, driven by higher revenue estimates

Digital AdTech Companies

Kidoz vs Larger Players	2024 Revenue Growth	2025 Revenue Growth Forecast	EV/R (forward)
AppLovin Corp.	43%	22%	31.51
Alphabet Inc.	14%	14%	8.70
META Platforms Inc.	22%	21%	7.49
The Trade Desk Inc.	26%	18%	6.36
Magnite Inc.	8%	12%	3.07
Integral Ad Science Holding Corp.	12%	15%	2.64
LiveRamp Holdings Inc.	13%	9%	1.81
Kidoz Inc.	5%	29%	1.46
The Interpublic Group of Companies	-2%	-3%	1.31
PubMatic Inc.	9%	-4%	1.19
Omnicom Group Inc.	7%	4%	1.14
Criteo SA	-1%	5%	0.77
Viant Technology Inc.	30%	17%	0.75
Average (excl'd. outliers)	14%	12%	2.54

Source: S&P Capital IQ / FRC

We are **reiterating our BUY rating**, and maintaining our fair value estimate at C\$0.70 (the average of our DCF and comparables valuations). KDOZ posted strong Q3 revenue growth, outperforming major ad platforms. Regulatory pressures and rising demand for safe, age-verified advertising support continued growth. Trading at 1.46x forward EV/Revenue, KDOZ remains attractively valued versus the sector, offering potential upside.

Risks

We believe the company is exposed to the following key risks:

- Operates in a highly competitive space
- Unfavorable changes in regulations
- **Ability to attract publishers and brands will be key to long-term growth**
- FOREX
- Reliance on digital ad spending trends
- Changes in U.S. or global tariff policies that could affect client budgets
- Data privacy or **security breaches** could impact advertiser trust and platform reputation

KDOZ is trading at 1.46x forward EV/Revenue (up from 1.05x in our previous report), but still below the sector average of 2.54x (down from 2.74x)

Our comparables valuation fell from \$0.53 to \$0.51/share due to the lower sector multiple

Maintaining our risk rating of 4 (Speculative)

APPENDIX

INCOME STATEMENT				
(in US\$) - YE Dec 31st	2023	2024	2025E	2026E
Revenue	13,326,824	14,004,527	18,071,250	19,825,000
Cost of Sales	8,392,767	6,426,973	8,312,775	8,921,250
Gross Profit	4,934,057	7,577,554	9,758,475	10,903,750
Expenses				
Selling & Marketing	1,268,218	1,465,833	1,879,410	1,982,500
Development	2,999,079	3,445,018	4,454,770	3,897,923
Stock Awareness Program	146,300	-	-	-
Stock Based Compensation	515,116	379,247	206,872	213,078
Compensation	713,335	630,904	946,356	974,747
G & A	758,606	805,814	765,523	788,489
EBITDA (excl. SBC)	-951,481	1,229,985	1,712,416	3,260,091
Amortization & Depreciation	588,488	250,960	200,768	206,791
EBIT	-1,539,969	979,025	1,511,648	3,053,300
Interest & Bank Charges	1,049	643	-	-
FOREX & Unusual	16,002	-88,701	-	-
EBT	-2,038,034	511,720	1,304,776	2,840,222
Income Taxes	-25,978	158,580	195,716	426,033
Net Income	-2,012,056	353,140	1,109,060	2,414,188
EPS	-0.02	0.003	0.01	0.02
BALANCE SHEET				
(in US\$)- YE Dec 31st	2023	2024	2025E	2026E
Assets				
Cash	1,469,224	2,780,517	3,397,259	5,985,471
Accounts receivable	6,261,305	5,181,211	5,440,272	5,712,285
Prepaid expenses	102,895	65,404	68,674	72,108
Current Assets	7,833,424	8,027,132	8,906,205	11,769,864
Property and equipment	29,234	25,803	25,803	25,803
Goodwill/intangibles/others	3,944,422	3,681,298	3,530,530	3,423,739
Total Assets	11,807,080	11,734,233	12,462,538	15,219,406
Liabilities & SE				
A/P	4,605,173	3,807,544	3,426,790	3,769,469
Lease	7,605			
Current Liabilities	4,612,778	3,807,544	3,426,790	3,769,469
Shareholder's Equity				
Share Capital	51,167,693	51,546,940	51,546,940	51,546,940
FOREX	24,580	24,580	24,580	24,580
Deficit	(43,997,971)	(43,644,831)	(42,535,771)	(40,121,583)
Total Liabilities & SE	11,807,080	11,734,233	12,462,538	15,219,406

STATEMENTS OF CASH FLOWS				
(in US\$)- YE Dec 31st	2023	2024	2025E	2026E
Operating Activities				
Net earnings for the period	-2,012,056	353,140	1,109,060	2,414,188
Items not involving cash				
Depreciation	588,488	250,960	200,768	206,791
Gain on derivative liability	(51)		-	-
Deferred income tax expense	70,140	114,480	-	-
Stock Based Compensation	515,116	379,247	-	-
	-839,770	1,099,754	1,309,828	2,620,979
Accounts Receivable	1,054,025	965,614	(259,061)	(272,014)
Prepaid Expenses	(31,647)	37,491	(3,270)	(3,434)
Accounts payable and accrued expenses	(1,006,248)	(797,629)	(380,754)	342,679
Changes in working capital	16,130	205,476	(643,085)	67,232
Cash from (used in) operations	-823,640	1,305,230	666,742	2,688,211
Financing activities				
Proceeds from secured borrowings, net	(29,484)		-	-
Equity	(517)		-	-
Payment on operating lease liabilities	(31,951)	(7,605)	-	-
Cash provided by financing activities	(61,952)	(7,605)	-	-
Investing activities				
Acquisition of equipment/subsidiary	(8,714)	(9,840)	(50,000)	(100,000)
Security deposits		23,508	-	-
Cash used in investing activities	(8,714)	13,668	(50,000)	(100,000)

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